

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 10, L.D. 13, Bill, "An Act to Increase the Amount the State may Borrow in Anticipation of Tax Revenues"

Amend the bill in section 1 in the first paragraph in the last line (page 1, line 44 in L.D.) by striking out the following: "\$120,000,000" and inserting in its place the following: '\$125,000,000'

Further amend the bill by inserting after section 1 the following:

'Sec. 2. 5 MRSA §1668-A is enacted to read:

§1668-A. Temporary curtailment of allotments prohibited

In fiscal year 1990-91, for the period December 20, 1990 to January 31, 1991 only, the Governor is prohibited from temporarily curtailing allotments as established in section 1668 by any amount that would achieve savings to the General Fund up to or including \$125,000,000.'

Further amend the bill in section 2 in the 3rd line (page 1, line 48 in L.D.) by inserting after the following: "obligation" the following: ', including issuance costs,'

Further amend the bill by inserting after section 2 and before the emergency clause the following:

'Sec. 3. Treasurer of State authorization. The Treasurer of State is authorized to set aside sufficient General Fund revenues in fiscal year 1990-91 in the event there are insufficient resources in the debt service account established in

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2 section 3 of this Act to meet principal, interest and related
3 payments. The Treasurer of State shall report to the Joint
4 Standing Committee on Appropriations and Financial Affairs the
5 amount, if any, of General Fund revenue set aside.

6 **Sec. 4. Monthly reports.** The Commissioner of Finance shall
7 report on a monthly basis to the Joint Standing Committee on
8 Appropriations and Financial Affairs concerning the actual cash
9 received by the General Fund and the accounts receivable to the
10 General Fund for the previous month.

11 This report must be presented to the Joint Standing
12 Committee on Appropriations and Financial Affairs at the time
13 monthly General Fund actual-to-budgeted revenue information is
14 distributed.

15 **Sec. 5. Proposal for fiscal year 1990-91.** The Governor shall
16 submit a proposal to the Legislature to balance General Fund
17 revenues and appropriations for fiscal year 1990-91, including
18 any proposed legislation, no later than January 4, 1991.

19 Further amend the bill by renumbering the sections to read
20 consecutively.

21 Further amend the bill by striking out all of the fiscal
22 note and inserting in its place the following:

23 **FISCAL NOTE**

24 This bill increases the statutory limit on the Treasurer of
25 State's borrowing in anticipation of taxes in fiscal year 1990-91
26 only from \$30,000,000 to \$125,000,000. The increase is needed
27 because the amount of General Fund cash is currently insufficient
28 to meet General Fund expenditures already incurred.

29 This bill also establishes an account to service the
30 principal, interest and issuance costs associated with the fiscal
31 year 1990-91 tax anticipation notes. Any funds remaining in this
32 account after all principal, interest and issuance payments have
33 been made must be transferred to the General Fund.

34 The exact amount of the debt service requirements and any
35 net earnings to the General Fund can not be determined at this
36 time.'

STATEMENT OF FACT

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This amendment:

1. Increases the maximum amount the Treasurer of State is authorized to borrow in anticipation of taxes for fiscal year 1990-91 to \$125,000,000, rather than \$120,000,000 originally proposed in the bill;

2. Prohibits the Governor from implementing a curtailment-of-allotment financial order until February 1, 1991. It requires the Governor to submit his proposal for balancing the fiscal year 1990-91 General Fund budget no later than January 4, 1991;

3. Clarifies that issuance costs related to the tax anticipation notes are an allowable expense to the Tax Anticipation Note Debt Service Account;

4. Provides the Treasurer of State with authority to set aside General Fund revenues if for any reason there are insufficient resources in the Tax Anticipation Note Debt Service Account to meet all debt service obligations resulting from the issuance of tax anticipation notes. The Treasurer of State, under the Constitution of Maine, Article V, Part Third, Section 5, has the authority to set aside General Fund revenues if there are insufficient resources to meet the State's bonded debt obligations. This amendment extends a comparable authority for any tax anticipation notes to be issued in fiscal year 1990-91;

5. Requires the Commissioner of Finance to provide information on a monthly basis concerning the actual amount of cash received in the General Fund as well as the accounts receivable to the General Fund for the previous month; and

5. Replaces and updates the fiscal note.

Reported by the Majority of the Committee on Appropriations and Financial Affairs
Reproduced and distributed under the direction of the Clerk of the House
12/21/90 (Filing No. H-6)